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FARM PRICES, INCOME MAY DECLINE NEXT YEAR

Farm prices and incomes in 1960 are likely to show much the same trends as this year. Farm income is expected to decline, probably about half as much as in 1959. Prices for farm products are likely to slip further, but sharp declines, such as those for hogs and eggs in 1959, are not expected.

Supplies of farm products will remain heavy in 1960 with further accumulation of already excessive stocks of wheat and feed grains. Heavy supplies will be partly offset by expected increases in exports, rising economic activity, and improved retail demand for food.

Farmers' realized net income in the first 9 months of 1959 was at a seasonally adjusted annual rate of \$11.2 billion, 15 percent below a year earlier. The reduction in income reflects a decline in receipts mostly because of

lower prices. But, production expenses increased 3 percent, and Soil Bank payments declined about \$500 million.

Next year, cash receipts may show a smaller decline than this year. Receipts from cattle, hogs, and wheat may be down some, but receipts from milk and eggs may be up a little. Not much change is likely for other commodities.

Production expenses may increase slightly next year, mostly for overhead items such as taxes, depreciation, and interest. With lower receipts and higher expenses, realized net farm income in 1960 will be down some from 1959.

The probable continued expansion in economic activity should reinforce the rise in income of farm people from non-farm sources which accounted for 28



Outlook Issue

Outlook—Continued

percent of total farm income in 1958 and it increased in 1959.

Movements in farm products prices in 1959 have reflected the impact of record production and heavy carryovers of some crops, particularly wheat and feed grains. The index of prices received in the first 11 months of 1959 averaged $3\frac{1}{2}$ percent below the same period of 1958. Substantial declines occurred in prices of hogs, eggs, and broilers, as production increased sharply. Cattle numbers on farms reached new records in 1959, but marketings were down and prices have averaged higher in 1959 than a year earlier. Prices of crops in 1959 declined only a little, with lower quotations for wheat, fruits, and oilseeds. Cotton and tobacco prices were higher.

Weather conditions will be the dominant factor influencing 1960 production, but improved crop technology has tended to increase average yields. Livestock production and slaughter will increase in 1960. Cattle numbers on farms are increasing rapidly and slaughter will pick up some next year with prices averaging lower than 1959.

Hog Marketings

Hog marketings, which increased sharply in 1959, are likely to continue above a year ago in the first half of 1960, but they may decline slightly in the last half if early indications of Corn Belt farmers to reduce 1960 spring pig crops materialize.

Egg production may be a little smaller next year, as farmers have reduced their laying flocks, and egg prices may show some improvement.

The announced minimum price support level on 1960 crop wheat is a little below the level on the 1959 crop, and

lower price supports are allowed under existing legislation for some other 1960 crops, including corn and cotton. Overall, some further decline in average farm product prices is indicated for next year.

Prices paid by farmers, including interest, taxes, and wage rates continued to climb in 1959, but less than in the last 2 years. Farm real estate taxes and wage rates were up the most. Motor vehicles, farm machinery, and building materials were up 2 to 4 percent this year. These increases were partially offset by lower prices for food, feed, and fertilizer.

Next year, prices paid by farmers may rise a little. A continuation of 1959 trends of lower food, feed, and feeder livestock prices will be tempered by gains elsewhere. The parity ratio, which has averaged 81 (1910-14-100) so far this year compared with 85 in the same period of 1958, may be even lower in 1960.

Exports

Exports of U.S. farm products declined in 1958-59, as a sharp drop in cotton shipments more than offset gains in other commodities. In the current fiscal year exports will rise and the volume may be the second highest on record.

The domestic demand for food has been rising in the last year, reinforced by a growing population and higher consumer purchasing power. Consumer purchases increased, and retail sale of food stores were up $2\frac{3}{4}$ percent so far this year. Food prices were about 2 percent lower. But, the farmer's share of the retail food dollar declined in 1959 to the postwar low of 38 cents, due to rising unit marketing changes and lower farm prices.

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ANOTHER RECORD WHEAT CARRYOVER SEEN NEXT JULY 1

The total U.S. wheat supply for the marketing year beginning July 1, 1959, estimated at 2,404 million bushels, is an all-time record. It exceeds the previous peak last year by about 50 million bushels, and the 1957-58 year by about 530 million.

Domestic disappearance in 1959-60 is estimated at about 630 million bushels, about the same as last year. Exports are expected to total about 410 million bushels, somewhat smaller than the 443 million exported last year. On the basis of these estimates, the carryover July 1, 1960, would total about 1,365 million bushels, compared with 1,279 million bushels this year and 881 million on July 1, 1958.

With the legal minimum national allotment of 55 million acres in effect for 1960, it is estimated that a little more than 53 million acres may again be harvested. Rainfall in the Great Plains has provided generous soil moisture for the winter wheat crop. Should the 1956-59 average yield of 22.6 bushels be obtained, a crop of about 1.2 billion bushels would be produced. A crop of this size would be about 8 percent larger than the 1959 crop and would again exceed domestic requirements and exports, resulting in a further increase in the carryover. With domestic disappearance and exports the same as those estimated for 1959-60 and allowing for small imports, the carryover July 1, 1961, would be increased by about 170 million bushels over the estimated carryover July 1, 1960.

Since the harvest this year, wheat prices have been higher than usual relative to the support level. Reflecting this market strength, U.S. prices to farmers in 1959-60 may average

slightly higher than the \$1.72 for last year.

The "advance" minimum national average support price of \$1.77 a bushel for 1960-crop wheat was announced on July 8.

Rye

If about 1.6 million acres of rye are harvested in 1960—that assumes some increase over the 1.4 million this year—and if yields are about equal to the average of the last 3 years, a crop of about 26.4 million bushels would be produced. With a carryover of 10 million bushels and restricted imports of 2.4 million, supplies would total 38.8 million bushels. If domestic feed use were increased by a million bushels and exports were the same as estimated for 1959-60, the carryover July 1, 1961, would be 10 million bushels, unchanged from that estimated for a year earlier.

Rice

If about the same acreage of rice is harvested in 1960 as in 1959 and if yields are about equal to the average of the past three years, a crop of about 52.0 million hundredweight would be produced, compared with 53.1 million cwt., the figure for 1959 as well as the 1953-57 average. With domestic disappearance estimated at 26.6 million cwt., exports would have to be about 26 million cwt. to avoid increasing the carryover August 1, 1961.

The rice carryover on August 1, 1959, of 15.7 million cwt., was less than half of the record 34.6 million only three years earlier.

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LARGE SUPPLIES OF FRUIT ARE IN VIEW

Continued large supplies of fresh and processed fruits are in prospect for the first half of 1960. Supported by an increasing flow of income, consumer demand for fruit should remain strong in the year ahead.

Though foreign outlets take only a small proportion of the fruit produced in the United States, they are always a market factor. Prospects are for larger exports of most U.S. fresh and processed fruits in 1959-60 than in 1958-59. Decreased deciduous fruit production in Europe and some reduction in import restrictions will help U.S. exports. Continuing prosperity in Europe and increased availability of dried and canned fruits in the United States will also help.

Total U.S. production of deciduous fruits in 1959 was about 4 percent larger than in 1958 and 8 percent above the 1948-57 average. All major deciduous crops were larger than in 1958, except apples and sweet cherries. Apple supplies for use after January 1, 1960, are expected to be somewhat smaller than a year earlier.

Prospective production of oranges, tangelos, and lemons in the 1959-60 season is somewhat larger than in 1958-59. But prospective production of grapefruit and tangerines is down from 1958-59. The 1959-60 crop of early, midseason, and Navel oranges, which usually comprises over half of the total orange crop, is a little larger than the 1958-59 crop. Prospective production of Florida Valencia oranges, which are marketed chiefly from February to July, is moderately larger than output in 1958-59.

The Florida and Texas orange and grapefruit crops matured a few weeks earlier this fall than the year before, leading to heavier early-season sales than in 1958-59. Even so, supplies of oranges for marketing in the winter and spring are expected to be moderately larger than in 1959. Supplies of grapefruit are moderately smaller.

Because of sharp increases in output of dried prunes and raisins, which comprise the bulk of the dried fruits, total production of dried fruit in 1959-60 is much larger than the light tonnage of 1958-59. The 1959-60 pack of canned fruits, most of which already has been canned, will be moderately larger than the relatively large 1958-59 pack. Among important packs reported so far only those of sweet cherries and figs are smaller than the 1958-59 packs. Even with a moderate reduction in the pack of frozen strawberries, the 1959 pack of frozen deciduous fruits and berries (excluding juices) probably will be a little larger than the 1958 pack.

The 1958-59 pack of frozen orange concentrate, most of which was made in 1959, exceeds the packs of all other years. Carryover stocks of frozen orange concentrate and canned citrus juices, except canned orange juice, were much larger this fall than the relatively light stocks a year earlier. Mainly because of increased supplies, retail prices for most processed fruits and fruit juices probably will average somewhat lower during the first half of 1960 than in this period of 1959.

The 1959 crop of almonds set a new record—about four times the short 1958 crop and nearly twice the 1948-57 average. This increase plus a substantial increase in filberts more than offset heavy decreases in pecans and almonds. In recent years, production of these four tree nuts in the United States comprised about half of our domestic supply. Imports made up the rest. Imports of cashews and Brazil nuts, which usually make up most of our imports, are expected to be lighter in 1959-60 than in 1958-59.

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The Farmer's Share

The farmer's share of the consumer's food dollar was 38 cents in September, the same as in August. In September 1958 the farmer's share was 40 cents.

DAIRY OUTLOOK BRIGHTER IN 1960

It looks like farmers will get higher prices for milk and butterfat in 1960. The improved prospects for prices reflect the recent downward adjustment in milk production which followed 5 consecutive years of new production records. The downturn in milk production in 1958 and 1959 was primarily the result of increases in beef cattle prices compared with milk prices.

Even with some increase in milk production next year, the supply of milk products per person will be under the 1959 level, and a new record low. Consumer incomes, on the other hand, probably will reach a new record high, and retail prices will increase somewhat. For considerable periods in 1960 prices to farmers for milk and butterfat probably will be above 1959 levels. The volume of dairy products sold by farmers will exceed the 1959 record, and farmers' cash receipts from the sale of milk products will reach new high ground. Expenses for feed may be lower in 1960, but they probably will increase for other items. Net income from the dairy enterprise probably will total at least as high as in 1959, if not a little higher.

Unfortunately, improvement foreseen for dairying for 1960 probably will not mean a permanent solution to all long-term dairy problems. With a decline in beef prices in prospect within the next few years, there is the possibility that milk production will increase enough to again cause surpluses.

In the postwar period of rapidly rising real income per person, demand for beef has been expanding relative to other farm products and is attracting resources from several farm enterprises. Since most resources used in dairying lend themselves to beef cattle

operations, the rate of transfer of resources out of dairying has depended considerably upon the relationship between beef prices and milk prices.

Over the next decade, total demand for dairy products is certain to rise by virtue of the increase in population. But whether total demand will rise fully as much as, more than, or less than the population depends upon several factors influencing consumers, some of which will tend to offset others.

The slight reduction in milk output in the last two years, together with the growing population, has led to a substantial reduction in the surplus position for the dairy industry. In the marketing year ended March 31, 1959, CCC purchases of butter and cheese (milk equivalent) were cut in half from a year earlier. A further decline apparently is taking place in the current marketing year. As indicated above, any purchases in 1960 will be still smaller. The picture for nonfat dry milk is not improved as much, although there also has been a substantial decline in purchases for support. Purchases of nonfat dry milk by CCC in 1960 may approach the 1959 level. The overall stock position of CCC in mid-November is the lowest since 1952.

The substantial reduction in uncommitted CCC stocks was in part the result of a seasonal decrease in price support purchases and the serious drought in Europe. There have been increased export sales of cheese and nonfat dry milk from CCC supplies.

More recently the world price level for butter has risen temporarily to the point that some butter has been purchased at regular market prices in this country for shipment to Europe.

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STRONG DEMAND SEEN FOR FATS AND OILS IN 1960

The outlook for food fats and oils in the 1959-60 marketing year is dominated by the record large supplies in prospect. Both domestic and export demand will continue strong. Prices of the major food fats—excluding butter—are likely to average somewhat lower than in the past year mainly because of larger production.

Beginning stocks of food fats (including oil equivalent of soybean carryover) on October 1, 1959, were up sharply and output will be greater. Prospects are that the total supply of edible fats, oils, and oilseeds in 1959-60 will be nearly a 10th above the record disappearance last year and 5 percent above the supply available last year.

Fortunately, the export outlook is favorable. Without taking into account the possible effect of foreign buying to build up stocks, current indications are that exports of edible fats, oils, and oilseeds (including oil equivalent of soybeans) through September 1960 may total about 3.6 billion pounds compared with the record 3.3 billion pounds shipped abroad in 1958-59.

Soybeans

The 1959-60 supply of soybeans is placed at 590 million bushels, just 5 million below last year's high. The record carryover on October 1, 1959, of 62 million bushels, 41 million above the same date a year earlier, nearly offset the 8 percent decline in the 1959 crop.

The smaller 1959 soybean crop brings supplies closer in balance with market outlets than last year, mainly because of the prospective increase in bean exports. Soybean prices to farmers in 1959-60 are expected to average a little above the \$2 per bushel received last year.

Cottonseed production in 1959-60 is placed at 6,142,000 tons, 28 percent more than a year ago. Cotton acreage was up sharply in 1959, mainly because much of the 5 million acres placed in the Acreage Reserve in 1958 are back in production, and yield per acre is

record high. Prices to farmers are expected to average slightly above the 1959 CCC purchase price of \$34 per ton, basis grade (100) but less than last season's average of \$43.80.

Cottonseed oil output in 1959-60 is forecast at 1,900 million pounds, about 400 million pounds above last year.

Lard output in 1959-60 is forecast at 2.9 billion pounds, about 7 percent more than last year. The increase reflects a prospective rise in hog slaughter as well as slightly higher lard yield per hog.

Flaxseed

The domestic flaxseed situation during 1959-60 is expected to be relatively tight. The 1959 crop dropped sharply about 45 percent from last year to about 22 million bushels and stocks are low. The total supply of flaxseed in 1959-60 marketing year is placed at about 37 million bushels, 11 million less than a year earlier. Crushings for oil may be around 22 million bushels and another 3 million will be needed for seed.

The generally tight situation means that prices to farmers this year will average sharply above the \$2.69 received for the 1958 crop.

Inedible tallow and grease output in 1959-60 is forecast at 3.3 billion pounds compared with 3.1 billion the year before.

The total supply of farmers' stock peanuts during the 1959-60 marketing year that began August 1, 1959, is placed at about 2,150 million pounds, nearly the same as last year.

Prospects are that prices received by farmers for 1959 crop peanuts will average lower than the 10.6 cents per pound received for the 1958 crop. In fact, peanut prices to farmers this year are likely to be at the lowest level since the 1946 season when they averaged 9.1 cents per pound.

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LITTLE CHANGE LIKELY IN POULTRY AND EGG OUTPUT

Total egg and poultry meat output in 1960 will be little if any above 1959 output—so one of the 1959 pressures toward low prices will be relieved. In 1960, egg production is likely to be a little below 1959; broiler production up slightly, but only on account of late-season increases; and turkey production may duplicate, or only slightly exceed, the 1959 record.

For eggs, evidence of a cutback was already apparent by November 1, when the flock of potential layers was 5 percent below the comparable date a year earlier. This suggests a January 1, 1960, laying flock that will fall below the year-earlier flock by a slightly smaller percentage, perhaps 3 or 4 percent.

Forthcoming hatches will also reflect the sobering influence of low egg prices in the year now closing. The 15 percent cuts in October hatchings of egg-type chicks, and the 11 percent cut in November 1 eggs in incubators are consistent with this expectation. The average cut in the springtime hatch probably will be smaller than the October and November declines. A cut of 5 or 6 percent seems more likely. A cut that deep could not be fully offset by increased rates of lay per bird.

The result is likely to be smaller egg production in 1960 than in 1959, and the production will be divided among a larger population. The result will be a decline in per capita supplies, and hence in per capita consumption. But because of the apparent decline in the demand for eggs, we should not look for sharp price rises for eggs. A reasonable expectation would be for an annual average increase of perhaps 2 or 3 cents per dozen above the prospective 1959 average of about 32 cents per dozen.

The increase probably won't begin until about the second quarter of the year.

For the first half of 1960, indications for broiler production also point downward. There may be cuts sharp enough to raise prices to levels that will induce increases in output in the last four or five months of 1960. In that event, production for the year may be 3 or 4 percent above the prospective 1959 output of 1.7 billion broilers. Prices probably will be slightly higher than the 16 cents in sight as the 1959 average.

Turkeys

Marketings are still underway from the record 1959 turkey crop of 82 million birds, and the year seems to be closing with prices firm. This may induce a repetition in 1960 of the current record crop which would likely sell at prices not much different from the 23 cents a pound average expected this year.

We already have a survey of farmers' intentions to keep turkey breeder hens. It calls for a 22 percent increase over last year in the number of heavy white breeder hens to be on hand January 1, 1960; a 9 percent decrease in Bronze hens; and a 16 percent decrease in Beltsvilles. This averages out to a 4 percent decrease.

The possibilities for raising more turkeys than these intentions suggest depend upon prices remaining firm, and for a continuing increase in the poults raised per breeder hen kept. Both of these seem realistic, and they suggest that a prediction of another large turkey crop in 1960 is well within reason.

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BIG FEED GRAIN SUPPLIES— HEAVY CONSUMPTION IN PROSPECT

Another favorable growing season this year and large carryover stocks from previous years have increased total supplies of feed grains and other concentrates for 1959-60 to a new record high of 264 million tons, 7 percent over last year.

The bumper 1959 feed grain crop of 167 million tons is 38 million tons above the 1953-57 average. In recent years consumption of feed grains has been larger than ever before. Feed grain production has consistently exceeded utilization since 1952, and carryover stocks have increased each year since then, reaching a new high this year of 67 million tons. Total use in 1959-60 will again fall short of production, and carryover stocks will increase—probably going up to around 80 million tons at the close of the 1959-60 marketing year.

Consumption

Feed grain consumption has increased along with production in recent years. Domestic use and exports totaled 150 million tons in 1958-59, 21 percent above the 1953-57 average. Increasing domestic use reflects not only rising livestock numbers, but also heavy feeding of grain and other concentrates per animal.

In 1958-59 the feeding rate per animal unit was 11 percent above the 1953-57 average. The number of grain-consuming livestock in 1959-60 is expected to be 3 percent larger than last year and 9 percent over 2 years ago. Liberal feeding per animal unit is expected to continue and total domestic use probably will be a little heavier than in 1958-59.

Feed grain production in 1959 was above average in all regions of the country. Feed grain crops were unusually large in most areas of the Midwest, except in the drought area that centered in the Dakotas. In the South feed grain production was slightly above the big crop of 1958, but much above average. Production in the North Atlantic States was close to last

year's record, and in the West it was second only to the record level of 1957.

Corn and sorghum grain have been largely responsible for the total increase in feed grain supplies in the past 3 or 4 years. The 1959-60 corn supply is estimated at 5.9 billion bushels, 13 percent above the big 1958-59 supply, and 37 percent over the 1953-57 average.

The 16 percent increase in the corn crop to 4.4 billion bushels this year resulted from a 15 percent increase in acreage for harvest and yields slightly above last year's record. Production is expected to exceed total 1959-60 utilization by 500 million bushels or more, increasing the carryover into 1960-61 to around 2 billion bushels.

The total supply of sorghum grain in 1959-60 exceeds 1 billion bushels for the first time. The supply is 18 percent above last year and more than 3 times the 1953-57 average. This is the third year of favorable weather for sorghum production in the Great Plains and Southwest. Carryover stocks have increased to over 500 million bushels.

The 1959-60 oat supply, on the other hand, is down 17 percent from last year. Farmers reduced their oats acreage this year and yields dropped below the record high reached in 1958. The barley supply for 1959-60 is 5 percent less than in 1958-59, but a fourth larger than the 1953-57 average.

Prices

Feed grain prices are expected to average a little lower in 1959-60 than in 1958-59 in view of record 1959 production and the decline in the general level of livestock prices. Even though the corn support is available to all producers this year, the big crop caused prices this fall to drop considerably below the national average support of \$1.12 per bushel. While a seasonal rise in corn prices is in prospect during the 1959-60 season, they probably will average a little lower than in 1958-59. Sorghum grain prices have declined

FEED GRAIN USE IS INCREASING WITH PRODUCTION

(millions of tons)



* INCLUDES FEED GRAINS USED FOR LIVESTOCK FEED, FOOD, INDUSTRY, SEED, AND EXPORTS.

△ Based on indication in November 1959.

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rather sharply this fall and are low in relation to other feed grains. Oat prices are higher this year than last, reflecting the short 1959 crop, while barley prices have been close to last year's level.

The 1959-60 hay supply is down 6 percent from the record supply last year, but is above the 1953-57 average both in total and per animal unit. Hay supplies are ample in most areas, but they will be short in an area centering in the Dakotas. Forage supplies have been supplemented by generally good pastures and ranges over most of the country this summer and fall.

Exports of feed grains have increased sharply in recent years, reaching a record level of nearly 13 million tons in the 1958-59 October-September feeding year. The total tonnage exported in 1959-60 may equal, if not exceed, the record level of 1958-59. Exports of corn and sorghum grain from the United States are expected to be a little above the high levels reached in 1958-59. Barley will be faced with more competition from the big crop in West-

ern Europe this year, but exports are likely to be about as large as last year.

The total tonnage of high-protein feed available for feeding in the 1959-60 feeding year is expected to be a little larger than the supply for 1958-59. This is a continuation of the upward trend in the total supply of protein feeds which brought total supplies to over 15 million tons in 1958-59, 20 percent above the 1953-57 average.

Soybean meal made up 9 million tons of this total. Another large supply of soybean meal is in prospect for 1959-60. Cottonseed meal production is expected to be a fourth larger than in 1958-59. The number of high-protein feed consuming animal units also are likely to be up a little in 1959-60, but the quantity available for feeding per animal unit is expected to be about equal to the record tonnage for 1958-59. There is a strong foreign demand for oilseed meal this fall and winter from the European countries where drought has cut feed supplies.

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SOME DECLINE SEEN IN LIVESTOCK PRICES NEXT YEAR

Livestock production and slaughter in 1960 will show a gain over 1959. Some increase in cattle slaughter seems assured over this year's low rate. Hog production may turn down in 1960, but the total number to be slaughtered will probably be a little larger than this year. Sheep and lamb slaughter next year will likely show a modest gain in line with the uptrend in numbers on hand.

Increased meat animal production reflects the relatively high level of livestock prices in 1957 and 1958. Feed grain supplies were abundant and prices trended downward. The hog-corn and beef steer-corn price ratios were unusually favorable for hog production and cattle feeding during most of this period. Pasture and range conditions have been generally good since the end of the drought in the southwest in the mid-1950's. This has helped stimulate the buildup in cattle and sheep numbers.



Cattle

Typically during the early stages of the cattle cycle cow and calf slaughter are cut back sharply. Steer slaughter may be postponed for a time by holding for additional weight gains, but soon increases. The gain in steer and heifer slaughter—many of them marketed as fed cattle—has held beef output at a relatively high level this year, despite the reduction in cow slaughter.

Next year combined steer and heifer slaughter will show some increase. Steer and heifer numbers on farms were a record last January and much of the gain being made this year will be in these classes. Cow and calf slaughter are each expected to turn upward again during 1960. The prospective gain in slaughter of all cattle and calves reflects the quicker buildup in the number of young slaughter stock. Slaughter would still be low enough to allow

cattle numbers to continue upward at a rather fast rate.

Cattle prices rose rather steadily from late 1956 to early 1958. Through early 1959 prices of slaughter cattle tended to level out but feeder prices increased, although somewhat more slowly than earlier. Hence feeder cattle prices and the lower grades of slaughter cattle advanced the most.

We have seen some decline this fall in cattle prices—more in feeder and cow prices than for fed cattle. This is typical during downtrending prices, though part of this fall's decline is seasonal.

An indication for 1960 is that cattle prices will likely continue to drift downward.



Hogs

About 87 million hogs will be slaughtered in 1959, 12 percent more than in 1958. Prices received by farmers in 1959 have averaged about \$5 per 100 pounds below 1958.

The outlook for hogs in 1960 is based largely on the increase in supply already in progress and the prospects for a slight reduction in next spring's pig crop. Producers' intentions in June were to increase fall farrowings 8 percent. In September producers in 10 of the Corn Belt States indicated they planned slightly fewer fall farrowings than indicated in June. These farrowings will influence slaughter through the first half of 1960 when hog slaughter will average somewhat above 1959. Prices of hogs are likely to be near present levels next winter and spring.

The supply of hogs during the last half of next year will come largely from the 1960 spring pig crop. The 10-State intentions in September were for a 4 percent reduction in the first half of the spring season (December-February). These 3 months accounted for an un-

LIVESTOCK—Continued

usually large percentage of the spring crop last year. The low hog-corn price ratio this summer and a rather disappointing experience with early pigs in 1959 were the principal factors leading to such a reduction. However, the corn crop is a record and if there is some shift toward later farrowings the total 1960 spring pig crop may be down only slightly from this year. Such a spring crop would mean that hog prices in the fall and winter of 1960-61 would be at least as high and perhaps a little higher than this fall and winter.



Sheep

Production of lamb and mutton has also gained more during the past 10 years than have numbers. While some gain in average slaughter weight has taken place, notably in the last 2 years, the gain in productivity largely reflects higher lambing rates and lower death losses. The number of lambs saved as a percentage of ewes one year old or older has risen nearly 1 percent per year in the last 10 years. Hence, during this period lamb and mutton production has shown a strong uptrend in contrast to the slow growth in numbers.

Sheep and lamb numbers have increased during the past 2 years and some further gain is being made this year. This expansion has been encouraged by some improvement in range conditions, the wool incentive program and by higher prices for meat animals generally. The wool program is unchanged for next year. With average weather, sheep numbers will likely continue their expansion.

Total red meat production will probably set a new high next year, a little above the 28.1 billion pounds produced in 1956. Meat production declined in 1957 and 1958, but has turned upward again this year. The gain this year over last year is largely in pork as beef production is being held down by withholdings from slaughter for herd expansion.

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Wool—Strong Demand, Stable Prices Likely

The general improvement in world wool demand and prices, which began in the closing months of 1958, has continued throughout 1959 and is expected to carryover into at least the first half of 1960. World wool production in 1959-60 is estimated to be 2.5 percent higher than last season, a record high. World wool consumption in 1959 probably will also establish a record. World wool prices are considerably above a year ago and are expected to hold relatively steady between now and the spring of 1960.

Parallel with the world situation, activity in the domestic wool industry this year is generally at higher levels than a year ago. The outlook through the first half of 1960 is one of strong demand and stable prices at levels above a year ago.

The average price received by growers for shorn wool in the open market during the 1959-60 marketing year will be 10 to 15 percent higher than in 1958-59. Prices received by growers should fluctuate at about this fall's levels through the spring of 1960. Domestic production of shorn wool in 1959 is 5 percent higher than a year ago. It is expected to increase slightly in 1960.

In contrast to the downward trend in per capita consumption of wool in the last few years, domestic consumers will use more apparel and carpet wools in 1959. Total raw wool consumption in the U.S. during January-September 1959 was 40 percent more than the same period last year. Mill use of apparel wool was up 30 percent, while that of carpet wool was up 60 percent. Based on normal seasonal patterns, it is estimated that 260 million pounds of apparel wool and 170 million pounds of carpet wool will be consumed in 1959. Reflecting the greatly increased rate of mill consumption and the buildup of depleted stocks, total imports for the first 9 months of 1959 were 93 percent more than a year ago. Dutiable imports were up 67 percent, duty-free imports were up 110 percent.

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TOBACCO SUPPLIES LOWER

Although tobacco production in 1959 was about 4 percent above 1958, it was the third smallest since 1943. Total supplies for most kinds of tobacco in 1959-60 will be smaller because of declines in carryovers. Supplies have been lowered appreciably from the high levels of 3 to 5 years ago.

The carryovers of flue-cured and burley—the leading cigarette tobaccos—will be reduced still further by the start of the 1960-61 marketing year since this year's crops are below the combined domestic use and exports anticipated in 1959-60. The recently announced 1960 marketing quota for flue-cured continues acreage allotments for most farms at the 1959 level. The 1960 marketing quotas for burley and several other kinds of tobacco will be announced by February 1. Soon after the announcements, growers of Maryland, Connecticut Valley binder, and Ohio filler-Wisconsin binder tobaccos will vote on whether they favor marketing quotas on their next three crops. Growers of flue-cured, burley, fire-cured, dark air-cured, and sun-cured approved quotas in previous referendums.

Under existing law, the Government price supports for the kinds of tobacco under Federal marketing quotas in 1960 must be set at 90 percent of parity except for fire-cured, dark air-cured, and sun-cured types. The support levels for these types are set at fixed percentages of the burley support (75 percent for fire-cured and 66⅔ percent for dark air-cured and sun-cured). But they cannot exceed 1957 levels unless 90 percent of their own parities exceed such levels.

Cigarette output will total approximately 485 billion in 1959—a new high—and a further gain is likely in 1960. Tobacco growers have faced a paradoxical situation in the past 5 years. Cigarette output rose 17 percent, but the domestic leaf used (farm sales—weight basis) was the same in 1958-59 as 5 years earlier. About 200 million additional pounds of domestic leaf would have been used in 1958-59

if—(1) the technology of processing and manufacture, (2) the output-consumption pattern and (3) the proportion of imported leaf in blends had all remained the same as in 1954-55.

Consumption of cigars and cigarillos in 1959 is estimated at near 7 billion—the highest since 1924. A further increase is likely in 1960. Sheet tobacco binders have replaced natural leaf binders on a large proportion of cigars and nearly all cigarillos.

The 1959 output of smoking tobacco for pipes and "roll-your-own" cigarettes is estimated at 74 million pounds, 3 percent below 1958. Output of chewing tobacco estimated at 68 million pounds and snuff at 34 million pounds utilizes significant quantities of burley, dark air-cured, cigar binder, and fire-cured tobaccos. Both chewing tobacco and snuff are about 2 percent below 1958. No appreciable pickup is expected for smoking tobacco and snuff in 1960 and chewing tobacco consumption is likely to decline further.

Exports of leaf tobacco in the 1958-59 marketing year at 536 million pounds (farm sales-weight) were 1½ percent above 1957-58 and slightly above the average for the previous 10 years. Tobacco exports in 1959-60 are expected to be fairly close to the 1958-59 level. The 1958-59 export volume was equivalent to about three-tenths of the comparatively small 1959 crop.

Arthur G. Conover
Agricultural Economics Division, AMS

USDA Acreage Guides

A two percent cut in fresh vegetable acreage next spring is recommended by USDA. The Department's acreage-marketing guides for spring vegetables also call for an 11 percent boost in acreage of spring melons and a four percent increase in acres devoted to spring potatoes. The complete recommendations, are available from Marketing Information Division, AMS, USDA, Washington 25, D.C.

AMPLE SUPPLIES OF PROCESSED VEGETABLES, POTATOES IN SIGHT

During the past three years, supplies of processed vegetables have been generally heavy and carryover stocks have been large at the end of each season. These larger-than-needed supplies have kept the pressure on markets, and resulted in generally moderate to low prices.

Processed vegetables are in heavy supply again this season. The total quantity of canned vegetables available for distribution into mid-1960 is near the large supply of a year ago, and materially above the 1949-57 average.

Carryover stocks at the beginning of the 1959-60 season, together with estimated production for processing, probably mean slightly to moderately larger supplies of snap beans and substantially more sweet corn than in 1958-59. Supplies of green peas are down materially. Total supplies of tomatoes, tomato juice, and tomato products also appear to be somewhat below the high level of last season, with most of the reduction probably in tomato products. Supplies of cucumber pickles are also below those of a year ago, but above average.

Distributor demand for canned vegetables was slow during the early part of the 1959-60 season, and prices were generally weak. Some items have firmed up or advanced a little as many early season "special offers" have been withdrawn. Further moderate advances are expected for a large number of items during the winter and spring.

In the first half of 1960, prices of canned vegetables at wholesale are expected to average the same or slightly higher than in the first half of 1959. Consumers are likely to find prices at retail a little above those of a year earlier.

Supplies of frozen vegetables are near record levels, continuing the growth of recent years. Stocks of frozen vegetables on November 1 amounted to 938 million pounds, 95 million pounds more than the 1954-58 average, and 34 million above those of a year earlier.

Holdings of asparagus, lima beans, and mixed vegetables were substantially smaller than on November 1, 1958. Holdings of corn and cauliflower were slightly smaller. But stocks of Brussels sprouts, and spinach were materially larger than a year earlier and snap beans, broccoli, and green peas moderately larger. Holdings of frozen french fried potatoes were also larger.

These large supplies of frozen items will continue to compete with generally heavy supplies of canned vegetables. Consumers are likely to find prices of frozen vegetables in the first half of 1960 slightly higher than those for the corresponding months of 1959.

Potatoes

Supplies of potatoes available for winter markets appear to be adequate to maintain consumption for food at year earlier levels. However, supplies are not so heavy, nor burdensome, as a year ago. Combined production of late summer and fall potatoes was down about 9 percent from last year when burdensome supplies resulted in seriously depressed prices. Early indications also point to a smaller crop of winter potatoes.

As last season, grade and size regulations in effect in many important late summer and fall producing areas will tend to reduce supplies of tablestock potatoes available for food. The lighter winter crop in prospect and an expected active export demand will also tend to bolster potato markets. Thus, both farm and retail prices of potatoes this winter are expected to average substantially above the low levels of a year earlier.

Supplies of sweetpotatoes available for winter and spring markets probably are larger than those of a year ago. Combined production in New Jersey, Virginia, North Carolina, Louisiana, Texas, and California was moderately larger than last year, with material increases in Virginia and Texas and a moderate increase in Louisiana.

Will Simmons
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COTTON PRODUCTION AND DISAPPEARANCE INCREASE

The supply of cotton in the United States in the 1959-60 season is estimated at about 23.7 million bales, approximately 3.4 million more than in the preceding season. This reflects a sharp increase in the production of cotton. Despite this increase, the carryover on August 1, 1960, is expected to be approximately the same as the 8.9 million bales of August 1, 1959. This is because disappearance probably is increasing about as much as is supply, principally because of sharply larger exports.

The increase in the 1959 crop was caused principally by a sharp increase in acreage to about 15.9 million acres and a record high yield of about 474 pounds per acre.

Under current legislation 16.3 million acres are allotted for the regular 1960 acreage allotment program for upland cotton. In 1960 this minimum acreage can be increased by participation of farmers in the Choice B program provided by law.

Disappearance during 1959-60 is estimated at around 14.5 million bales, up about 3 million bales from 1958-59. Causes of the increase in disappearance are larger domestic mill consumption and a sharp upturn in exports. Contributing causes of the increase in mill consumption are the high level of economic activity in the United States, and the replenishment of stocks of textiles in marketing channels. Prices for cotton this year are lower than last year. If prices should continue over the next several years at the minimum levels set under existing price support programs, a gradual increase in domestic mill consumption of cotton probably would occur.

Exports

Exports of cotton during the current season are expected to about double the 2.8 million bales of 1958-59. There are several reasons for the sharp increase in cotton exports. In the foreign free world, cotton stocks have been at a low

level, and there has been a small decline in cotton production. Cotton prices in world import markets are lower and more stable and the export price for U.S. cotton is competitive.

Cotton consumption abroad is increasing because of a recovery from the textile recession last season. Stocks of cotton in the foreign free world declined by 1.3 million bales between August 1, 1958, and August 1, 1959. The 1959 stocks of 8.7 million bales are very low in relation to the level of consumption in the foreign free world, and the level of current cotton prices.

Supports

Under the 1959 price support program Choice A cotton, or cotton produced under regular allotment, is purchased by CCC at a price based on 80 percent of the parity price applicable for February (based on mid-January 1959 data) for Middling $\frac{7}{8}$ -inch cotton. The cotton acquired can then be resold by local sales agencies at not less than 110 percent of the Choice B support rate (which was based on 65 percent of the same parity price) plus carrying charges. It can be resold by the New Orleans commodity office at the same price or the market price, whichever is higher.

Frank Lowenstein
Agricultural Economics Division, AMS

Want More Outlook Info?

More detailed information on the outlook for farm products in 1960 is available. We have outlook reports on wheat, tobacco, fruits, vegetables, wool, feed, dairy, livestock, poultry and eggs, cotton, fats and oils, and farm income.

If you need more information, drop us a card and let us know what commodities you're interested in. Our address: The Agricultural Situation, Marketing Information Division, AMS, USDA, Washington 25, D.C.

"Bert" Newell's Letter

Last Saturday I was hauling some fireplace wood to store on the back porch where it would be handy and out of the weather. There's nothing like a fireplace fire to cheer up a room, and it is particularly nice around Christmas time as folks drop in to exchange greetings.

As I went about the job, my mind went back to filling the woodbox in the kitchen. What a job that was. It was one of those jobs that was never finished and our woodpile was down by the barn—seemed like a mile from the kitchen. In later years, I found out it was actually just short of 150 feet.

But in those bygone days, it seemed like a lot farther and I was not infrequently prone to complain about the chore. Mother and father would remind me at such times that each of us—there were eight children—had things to do as a contribution to the whole family. So, the girls washed lamp chimneys, made beds, and did house chores. My jobs were mostly those things like filling the woodbox, milking, and outdoor jobs. As a result of this sort of training, all eight of us grew up with a pretty clear understanding that for each privilege there was a corresponding responsibility.

In life there are a lot of jobs that are never finished but are things that must be done as a part of living together as a family, a community, or a Nation. I'm thinking particularly of the kind of democratic country in which we live. And here at Christmas time, as the year draws to a close, you all know I am apt to ramble around a bit and get way off the beaten track of just agricultural estimates.

All of us are proud of the kind of democratic government under which we live and are inclined to boast of our freedom. We must be ever mindful of the fact, however, that our kind of society can exist and prosper only to the extent that each of us recognizes

and respects the rights of others. There have to be rules, of course, and we are fortunate in having some basic principles already established for us. They are called the Ten Commandments. Here we have the moral foundation upon which our democracy rests, and upon which we can build an enduring civilization.

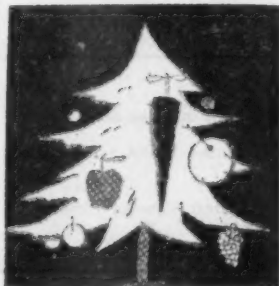
In our kind of government, we are not just spectators; we are active participants. If we want to keep it that way and enjoy the privileges of freedom, we have a very real responsibility. That responsibility, it seems to me, requires constant building and strengthening—as individuals and as a Nation—the moral foundation upon which our democracy rests. This, like filling the woodbox, is a continuing duty which if neglected will most surely lead to disaster.

Because Christmas is a time when we think of others, our family and friends, it seems to me a good time to think a little about all of us. I am sure if we seriously try to build our lives on the ethical principles that He Whose birthday we celebrate has laid down for us and which are the foundation of our kind of government, our Christmas will certainly be merry. Furthermore, I feel that we will plant our feet firmly on the road to a greater life and many happy New Years.

So all of us in Agricultural Estimates say "many thanks" for the fine cooperation you have given us all through the year, and may you have the most joyous Christmas ever and a happy 1960.

A. H. Newell

S. R. Newell
Chairman, Crop Reporting Board, AMS



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